

UTILITIES SERVICE BOARD MEETING
November 27, 2006

UTILITIES SERVICE BOARD MEETINGS ARE RECORDED ELECTRONICALLY OR STENOGRAPHICALLY AND ARE AVAILABLE DURING REGULAR BUSINESS HOURS IN THE OFFICE OF THE DIRECTOR OF UTILITIES.

Board President Swafford called the regular meeting of the Utilities Service Board to order at 5:00 p.m. The meeting was held in Conference Room 100B at the Indiana University Research Park at 501 North Morton Street in Bloomington, Indiana.

Board members present: Tom Swafford, Julie Roberts, Sam Vaught, Tim Henke, Susan Sandberg, and Jeff Ehman. Staff members present: Vickie Renfrow, Mike Bengtson, Tom Staley, Patrick Murphy, Michael Horstman, Jane Fleig, Adam Wason, Mike Trexler and Ben McCready. Others present: Donnie Ginn representing Black & Veatch, Joe Teusch representing Greeley and Hansen, Tony Akles representing Strand Associates, Ben Beard representing Gentry Estates, Margaret Fette representing the Libertarian Party and Mark Menefee representing Indiana University.

MINUTES

BOARD MEMBER VAUGHT MOVED AND BOARD MEMBER ROBERTS SECONDED THE MOTION TO APPROVE THE MINUTES OF THE OCTOBER 30TH, MEETING. MOTION CARRIED. 6 AYES, 1 MEMBER ABSENT, (WHIKEHART).

BOARD MEMBER VAUGHT MOVED AND BOARD MEMBER ROBERTS SECONDED THE MOTION TO APPROVE THE MINUTES OF THE OCTOBER 27TH, MEETING WITH A CORRECTION TO THE TIME OF ADJOURNMENT. MOTION CARRIED. 6 AYES, 1 MEMBER ABSENT, (WHIKEHART).

CLAIMS

BOARDMEMBER VAUGHT MOVED AND BOARDMEMBER ROBERTS SECONDED THE MOTION TO APPROVE THE CLAIMS AS FOLLOWS:

CLAIMS 0691681 THROUGH 0691752 INCLUDING \$140,127.19 FROM THE WATER OPERATIONS & MAINTENANCE FUND, \$35,887.03 FROM THE WATER CONSTRUCTION FUND AND \$1,450.00 FOR WATER HYDRANT METER RENTAL FOR A TOTAL OF \$177,464.22 FROM THE WATER UTILITY; CLAIMS 0631099 THROUGH 0631140 INCLUDING \$158,215.68 FROM THE WASTEWATER OPERATIONS & MAINTENANCE FUND AND \$54,972.70 FROM THE WASTEWATER CONSTRUCTION FUND FOR A TOTAL OF \$213,188.38 FROM THE WASTEWATER UTILITY; AND CLAIM 0670085 THROUGH CLAIM 0670088 FOR A TOTAL OF \$5,744.99 FROM THE WASTEWATER/ STORMWATER UTILITY. TOTAL CLAIMS APPROVED – \$396,397.59.

MOTION CARRIED. 6 AYES, 1 MEMBER ABSENT, (WHIKEHART).

WIRE TRANSFERS AND FEES FOR THE MONTH OF OCTOBER 2006:

BOARD MEMBER VAUGHT MOVED AND BOARD MEMBER ROBERTS SECONDED THE MOTION TO APPROVE THE WIRE TRANSFERS AND FEES FOR THE MONTH OF OCTOBER 2006 IN THE AMOUNT OF \$549,051.15.

MOTION CARRIED. 6 AYES. 1 MEMBER ABSENT (WHIKEHART).

APPROVAL OF THE 2006 INTERLOCAL AGREEMENT BETWEEN THE CITY OF BLOOMINGTON AND THE CITY OF BLOOMINGTON UTILITIES DEPARTMENT:

Utilities Director Murphy introduced the 2006 Interlocal Agreement with the City of Bloomington. He explained that many of the City departments provide services to the Utilities Department. He pointed out the document showing the percentages of time that various departments devote to Utilities' needs.

City of Bloomington Controller Clark said that the agreement is for the amount of \$1,033,326.67. The Fleet payments have been on going and are not included in this amount. Utilities have also made semi-annual health insurance payments and payments to Employee Services which have already occurred and are not included. The in lieu of taxes portion has increased by about \$32,000 which is based on the budget orders received by the Department of Local Government Finance. The same amount that has been used for the increase in the levy is applied to the previous amount to get the new amount for the subsequent year. There is also a payment for general services which covers the services from the City departments which is applied to the 2005 budget because these payments are made in arrears. That amount for 2006 went down by \$85,000 which caused an overall decrease from 2005 to 2006 of about \$53,000 for the payment in lieu of taxes combined with general services.

Board member Vaught said that for a number of years the in lieu of taxes portion was capped at 5%. He wanted to know what the reasoning was for basing it on the percentage increase of the City's total property tax levy. Ms. Clark noted that it had actually been a flat 5% increase whatever the levy did. Since it has been tied to something with supportable documentation it has been less than 5%.

City Legal Department Attorney Renfrow explained that this amount represents the taxes that private Utilities would pay.

Board member Ehman asked how often allocation of services provided by City Departments is estimated. Ms. Clark replied that it is done once a year.

Board member Whikehart arrived at this time.

Mr. Ehman asked if there had been any significant changes. Ms. Clark replied that she believes that there is a decrease in the amount of time the Council office devoted to Utilities issues. That is because if the rate increase and bond issues that occurred during the previous year.

Board member Henke asked if the in lieu of taxes is from 2005 and payable in 2006 and if everything else are expenditures that would have happened in 2006. Ms. Clark said that the general services amounts are actually allocations for 2005 applied to the 2005 budgets. This interlocal agreement is for 2005, payable in 2006. Mr. Henke asked if the only thing that isn't included is the credit for the PCB's. Ms. Clark agreed that that was correct.

Board President Swafford said that he felt that the Employee Services' amount looked a little high. Ms. Clark pointed out that about a third of the City's employees are in Utilities so it is not surprising that Employee Services spends about a third of their time working for Utilities.

BOARD MEMBER SANDBERG MOVED AND BOARD MEMBER EHMAN SECONDED THE MOTION TO APPROVE THE 2006 INTERLOCAL AGREEMENT BETWEEN THE CITY OF BLOOMINGTON AND THE CITY OF BLOOMINGTON UTILITIES DEPARTMENT. MOTION CARRIED. 7 AYES.

APPROVAL OF ADS ENVIRONMENTAL SERVICES CONTRACT EXTENSION:

Assistant Director of Engineering Bengtson explained that ADS has been working with Utilities for the past ten years. They have installed, maintained and collected data from five permanent flow meters that are used for gauging the progress of the wet weather program. There have been some modifications in the agreement based on what kind of reporting is desired. A new agreement was due this past March. The employee who Mr. Bengtson was working with to make some adjustments in the agreement was transferred and the negotiations stopped moving forward. The negotiations on the contract have been resumed but Mr. Bengtson wanted permission to pay the company for the work they have done since the last contract expired. Utilities Director Murphy said that he and Assistant Director of Finance Horstman had felt it would be inappropriate to pay ADS without a contract.

Board President Swafford asked for an update on the Wet Weather Program.

Board member Henke asked if this was budgeted for in the 2006 budget and if so what it was under. Mr. Horstman responded that it is included under Contracts and Services.

BOARD MEMBER EHMAN MOVED AND BOARD MEMBER HENKE SECONDED THE MOTION TO APPROVE THE ADS ENVIRONMENTAL SERVICES CONTRACT EXTENSION. MOTION CARRIED. 7 AYES.

APPROVAL OF THE AWARD RESOLUTION FOR THE DILLMAN ROAD WWTP EQUALIZATION BASIN LINER REPAIR:

Assistant Director of Engineering Bengtson explained that Strand Associates had compiled the bid documents and the design for this project. There was only one bid for about \$124,000. The estimate had been \$100,000. Mitchel Stark was the only company to actually bid for this project. The equalization basin is a very important tool for the Wet Weather Program so it is important to get this started as quickly as possible.

Board President Swafford asked why there had been only one bid. Mr. Tony Akles from Strand Associates said that some other contractors had shown interest in the project including Bowen who said that the project was a little too small for them to work into their schedule. Taylor Geo Synthetics will be a substitute for Mitchel Stark and will actually install the liner. Mr. Swafford asked if the liner was just being repaired in the one corner where it is torn. Mr. Bengtson said that was the case. He pointed out that Mr. Akles has experience with repair liners in landfills, etc. He said that this time rather than just repairing the fabric some curbing will be installed underneath the liner so it can be pinned down.

Board President Swafford asked what kind of warranty comes with this repair. Mr. Akles said that it is a 20 year pro-rated warranty on the material and a 3 year installation warranty from the contractor.

Utilities Director Murphy pointed out that an insurance check for \$23,000 has been received for this project. The remainder will come from the Operations and Maintenance Budget. He asked Mr. Bengtson when the liner had originally been installed. Mr. Bengtson responded that it had been installed in the year 2000.

Mr. Akles pointed out that the liner being installed is heavier than the current one.

BOARD MEMBER VAUGHT MOVED AND BOARD MEMBER EHMAN SECONDED THE MOTION TO APPROVE THE AWARD RESOLUTION FOR THE DILLMAN ROAD WWTP EQUALIZATION BASIN LINER REPAIR. MOTION CARRIED. 7 AYES.

APPROVAL OF THE AWARD RESOLUTION FOR THE DILLMAN ROAD WWTP DISINFECTION AND DECHLORINATION IMPROVEMENTS:

Assistant Director of Engineering Bengtson said that Bowen was the low bidder. The engineers had projected a cost of \$840,000 for the project but Bowen bid \$719,800. The other bidders clustered in the same price range. He said that Utilities has had very good experiences with Bowen Engineering.

Mr. Bengtson explained that this project is for disinfection and dechlorination. He said that several years ago Utilities was required to meet a deadline for dechlorination. A temporary unit was installed to remove the Chlorine from the effluent before it is released into the stream. This project will provide for liquid Chlorine disinfection which will replace the gaseous Chlorine which is significantly safer. A permanent dechlorination system will be installed as well.

Utilities Director Murphy mentioned that this was required by the NPDES permit. dechlorination must take place between April 1st and October 31st. In 2005 a temporary facility was installed. He explained that Chlorine is used for disinfection. It then needs to be removed from the effluent before it is discharged into Clear Creek.

Joe Teusch of Greeley and Hansen explained that the Utilities had bought two pumps for dechlorination which are being relocated to a permanent space.

Board member Henke asked why dechlorination is seasonal. Mr. Teusch explained that when waste water reaches the plant the solids and the biological particles are removed. Then when the water is discharged into the stream it needs to be chlorinated to kill the pathogens that cause disease. This is done during the period of time when the public is likely to be using water for recreation. A new NPDES permit was issued in 2005 and dechlorination was a requirement for that permit. Chlorine is used to protect human health, but it is toxic for fish. Dechlorination protects the aquatic life in the stream.

Board member Roberts asked what happens during the winter months. Mr. Teusch said that no chlorination takes place during the winter. He said the regulations are moving towards year long disinfection but right now it's only seasonal.

Board President Swafford asked what the additional cost would be to disinfect for the whole year. Mr. Teusch said it would just be the cost of the extra chemicals.

Board member Ehman asked that the additional expense per month for the four extra months be calculated.

Board President Swafford asked that year round dechlorination be looked into for environmental reasons. This would be going above and beyond the permit requirements.

Board member Henke asked if dechlorination is being used to treat for E. Coli. Mr. Teusch replied that it is.

Mr. Teusch stated that there had been four bids for this project. Three of them were clustered between \$750,000 and \$776,000 with Bowen coming in at \$720,000. This is because Bowen is already involved in a pump replacement project at Dillman Road which will save them mobilization costs.

Board President Swafford asked about the funding for this project. Mr. Murphy said that this is a part of the SRF loan and the bonds.

BOARD MEMBER EHMAN MOVED AND BOARD MEMBER HENKE SECONDED THE MOTION TO APPROVE THE AWARD RESOLUTION FOR THE DILLMAN ROAD WWTP DISINFECTION AND DECHLORINATION IMPROVEMENTS. MOTION CARRIED. 7 AYES.

APPROVAL OF THE BLACK AND VEATCH CONTRACT FOR THE MONROE WTP FILTER REHABILITATION:

Assistant Director of Engineering Bengtson explained that they would like to go ahead with Phase 1 and Phase 5 of this project. He asked that the USB approve the filter rehabilitation project at the Monroe WTP. He said that about every 20 years the material in the final filters at the plant needs to be renewed. It is necessary to renew the aggregate and anthracite in the filter beds and also improve the under drains and incorporate some piping that would allow the future addition of air scouring along with the back wash operation that simply uses water. This will make cleaning of the filters more effective so they can be run for longer.

Utilities Director Murphy mentioned that this is a project that was budgeted for in the 2007 Extensions and Replacements part of the budget for water. He asked why some of the standard operating procedure work in this contract wasn't included in the work done by Danis.

Mr. Bengtson explained that Danis was required to supply operation and maintenance manuals for the different component systems such as the chemical feed system and other mechanical systems on site. The overall process of how things will interact to do an optimal job of treating water has not been addressed by Danis.

Assistant Utilities Director Langley said that this is consistent with what has been done in the past. When an overall project is completed a Standard Operating Procedure document is created. Mr. Langley said it may be necessary to ask for some extra training money.

Board member Vaught asked if the rehabilitation of these filters would carry the plant through to a time when membrane filtration might be required.

Donnie Ginn of Black & Veatch said that the membrane technology is very beneficial right now but it has been determined that it would be rather expensive to retro-fit the filters with membrane technology. It would make more sense to do this in the process of constructing a new plant. If additional treatment is required for Cryptosporidium inactivation or removal UV disinfection could be used.

Mr. Vaught asked if membrane filtration would increase the capacity of the plant. Mr. Ginn said that it would increase the capacity. Mr. Vaught wanted to know if the newly rehabilitated filters would be wasted if the decision were made to increase the capacity of the plant to 36 mgd. Mr. Ginn replied that it would only be necessary to add more of the conventional filters. The current filters could still be used. It was a part of the long range plan to use conventional filtration followed by UV treatment. If a new plant were built it might be just as cost effective to use the membrane technology.

Mr. Ginn went on to say that two of the filters have not been rehabilitated for 28 years and it's been 16 years for the other two. The rehabilitation wasn't included in the upgrade project because the membrane technology was still being evaluated. At this time it is necessary to proceed with the rehabilitation of the filters.

Mr. Bengtson mentioned that they had investigated the filter beds because the volume of the filter had been increasing. It was found that there are balls of calcium carbonate building up due to the old way of treating with lime. Now sodium hydroxide is being used instead of lime which makes this a good time to eliminate the problem of the calcium carbonate build up.

Board member Henke asked how the engineering firm for this project was chosen since it didn't go out to bid.

Mr. Bengtson replied that professional services have always been chosen by credentials. Black & Veatch are the original designers of the plant. They have always been reliable and good to work with.

BOARD MEMBER SANDBERG MOVED AND BOARD MEMBER ROBERTS SECONDED THE MOTION TO APPROVE THE BLACK & VEATCH CONTRACT FOR THE MONROE WTP FILTER REHABILITATION. MOTION CARRIED. 7 AYES.

OLD BUSINESS:

Attorney Renfrow reminded the USB that several months ago Andrew Franklin had asked that the Utilities transfer some of its property to him because a structure he was acquiring turned out to be on Utilities' land. That was referred to the Property and Planning Subcommittee. They requested more information before making a decision. Recently Ms. Renfrow has been contacted by another gentleman who owns property at Lake Lemon. He has 2 acres of property that he would like to build a house on. Because of the contours of the property he would like to do a land swap with Utilities in order to accommodate a septic field. This also should be referred to the Property and Planning Subcommittee. She wanted to know if the second gentleman should come to the entire USB first or if he could be referred directly to the subcommittee for them to consider both of these requests together.

Board President Swafford recommended that both issues be referred directly to the subcommittee. Utilities Director Murphy said that the staff will be making a recommendation to the subcommittee on what action should be taken. He mentioned that an Engineering Subcommittee will soon be scheduled. There's also a lien policy that needs to go to the Finance Subcommittee. Mr. Swafford pointed out that the Finance subcommittee is to meet on December 6 at 4 p.m. He suggested that the Engineering Subcommittee meet at 5 p.m. Property and Planning will be put off until January of 2007.

Board member Vaught asked if the Audit report was available yet. Mr. Murphy said that he has not yet received a written document from the State Board of Accounts.

Board Member Henke stated that he felt the Finance Subcommittee should have been invited to be present for the Audit exit interview with the State Board of Accounts because they should have the opportunity to ask the auditors questions.

NEW BUSINESS:

No new business was presented.

SUBCOMMITTEE REPORTS:

There were no subcommittee meetings.

STAFF REPORTS:

Special Projects Coordinator Hicks gave an update on the progress of the new Administration building. The report is attached to these minutes.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 6:10 p.m.

L. Thomas Swafford, President